

# Brown Opening Statement at Banking Committee Hearing on Oversight of The SEC

**September 26, 2017**

WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-OH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – released the following opening statement at today’s hearing entitled, “Oversight of the U.S. Securities and Exchange Commission.”

Brown’s remarks, as prepared for delivery, follow.

Thank you Chairman Crapo, and welcome to Chair Clayton.

Last week, as just about every adult in America was trying to comprehend the risks they or someone in their family face because of the Equifax cyber breach, you disclosed the SEC’s own breach in 2016. In addition to raising serious concerns about the integrity of the SEC’s data systems, that breach allowed hackers to obtain non-public information and perhaps make illegal stock trades.

We expect that companies that hold Americans’ personal and financial data will keep that information secure and be upfront with the public, regulators, and lawmakers when breaches occur.

Our regulatory agencies must abide by the same, or even a higher standard. So when we learn a year after the fact that the SEC had its own breach and that it likely led to illegal stock trades, it raises questions about why the SEC seems to have swept this under the rug. What else are we not being told, what other information is at risk, and what are the consequences?

Of course this breach took place under your predecessor, but the disclosure, or lack thereof, is all yours. How are Main Street investors expected to have confidence that the SEC can hold big companies accountable when the SEC is not forthcoming?

Equifax violated the public’s trust twice—first when it failed to secure the volumes of data it collects about Americans’ financial lives, and then a second time when it waited over a month to admit to the breach. How can you expect companies to do the right thing when your agency has not?

We all have to earn the public’s trust every day. Right now the SEC needs to do more, and it needs to make sure the companies it regulates do better.

Doing more doesn’t end with cybersecurity. The SEC’s investor protection mandate has never been more important. Making sure Main Street investors are treated fairly, companies do not abuse accounting rules, and markets are efficient and transparent should be at the top of your list as you consider offering reforms and reducing disclosure.

Protecting investors and maintaining financial stability also means that the SEC needs to finish the Dodd-Frank Title VII derivatives rules, the incentive compensation rule, and the rules on clawbacks and hedging equity compensation. Each of these rulemakings will help enhance investors' and the public's trust in our markets and the financial system.

Chair Clayton, it's been almost five months since your swearing in, and I expect the next five months will be more demanding than the last five.

The list of your responsibilities is growing, and now everyone is watching how the SEC responds and how you hold companies accountable.

Thank you Mr. Chairman.

###

Permalink: <https://www.banking.senate.gov/public/index.cfm/2017/9/brown-opening-statement-at-banking-committee-hearing-on-oversight-of-the-sec>